MONTANA LEGISLATIVE HISTORY

Chapter 262 19 87

Bill H 305 S _____ Original bill & history ____C

H. Committee on Taxation			S. Committee on Taxation		
Hearing Date(s)	Jan 20	✓ C	Hearing Date(s)	Mar 23	✓ C
	Mar 10	✓ C		Mar 24	✓ C
	_____	____C		_____	____C
	_____	____C		_____	____C
Date Out	Mar 11	✓ C		Mar 24	✓ C

Did this bill originate in an interim committee? ____Yes ____No

Committee _____ Report _____

REFERRED TO COMMITTEE ON STATE ADMINISTRATION: 1/17
HEARING: 1/28
BILL DIED IN COMMITTEE

—TO CLARIFY THE QUALIFICATIONS THAT A NEWSPAPER MUST HAVE
TO BE ELIGIBLE TO BID ON COUNTY PRINTING CONTRACTS.
INTRODUCED: 1/17
REFERRED TO COMMITTEE ON LOCAL GOVERNMENT: 1/17
HEARING: 1/29
REPORT: DO PASS, 2/7
2ND READING: 2/11 YEAS: 96; NAYS: 0
3RD READING: 2/13 YEAS: 87; NAYS: 5

TRANSMITTED TO SENATE: 2/13
REFERRED TO COMMITTEE ON LOCAL GOVERNMENT: 2/14
HEARING: 3/14
REPORT: 3/19, BE CONCURRED IN, AS AMENDED
2ND READING: 3/21, YEAS: 47; NAYS: 1
3RD READING: 3/24, YEAS: 47; NAYS: 2

RETURNED TO HOUSE WITH AMENDMENTS: 3/24
2ND READING: 4/8 YEAS: 86; NAYS: 2
3RD READING: 4/9 YEAS: 93; NAYS: 1

TRANSMITTED TO GOVERNOR: 4/13
ACTION: SIGNED, 4/16
CHAPTER 393

—DOZIER—TO USE MARKET VALUE AS OF JANUARY 1 OF THE ASSESSMENT
IN ASSESSING MOTOR VEHICLES SUBJECT TO STAGGERED REGISTRATION.
FISCAL NOTE: REQUIRED
INTRODUCED: 1/17
REFERRED TO COMMITTEE ON TAXATION: 1/17
HEARING: 1/20
REPORT: DO PASS AS AMENDED, 3/11
2ND READING: 3/14 AS AMENDED, YEAS: 81; NAYS: 2
3RD READING: 3/17 YEAS: 86; NAYS: 9

TRANSMITTED TO SENATE: 3/17
REFERRED TO COMMITTEE ON TAXATION: 3/18
HEARING: 3/23
REPORT: 3/24, BE CONCURRED IN
2ND READING: 3/26, BE CONCURRED IN
3RD READING: 3/28, YEAS: 46; NAYS: 2

RETURNED TO HOUSE: 3/28
TRANSMITTED TO GOVERNOR: 4/1
ACTION: SIGNED, 4/3
CHAPTER 305

—BERTELSEN—TO CHANGE THE INTERNAL REFERENCE PERTAINING TO
RIGHT-OF-WAY CLEARANCE....
INTRODUCED: 1/17
REFERRED TO COMMITTEE ON NATURAL RESOURCES: 1/17
HEARING: 1/23
REPORT: DO PASS AND PLACE ON CONSENT CALENDAR: 1/23
3RD READING: 1/28 YEAS: 97; NAYS: 0

TRANSMITTED TO SENATE: 1/28
REFERRED TO COMMITTEE ON NATURAL RESOURCES: 1/29

Rep. Brand spoke up in favor of mandating deadlines for the Counties to get out the tax notices. Ms. Feaver said that the Department of Revenue had no control when the counties got their notices out, but the matter would be looked into.

Rep. Dozier wanted to know if there would be any impact from the loss of interest income from the normally deposited taxes. Mr. Stephen replied that the Counties would rather receive all of the money, but with this bill they would at least receive some of the money that they might otherwise not have received at all.

Rep. Yardley then closed, and the hearing on HB 308 was closed.

HOUSE BILL 305, sponsored by Rep. Dozier, was then heard. He explained that he was carrying the bill at the request of the Department of Revenue. A problem arose when the state went to staggered vehicle registration. Even though it wasn't the intention of the original bill, some feel now that evaluations should also be staggered. The Department of Revenue has been using January 1 assessment figures for the entire year; otherwise they would have to send out notices several times per year. Some test cases are challenging the law right now. Provided the fee system bills don't pass, this needs to be cleared up in the law.

Ellen Feaver, Director of the Department of Revenue, then rose as a PROPONENT to HB 305. She stated that even if a fee system were enacted, this bill would be needed, because large trucks will still be on staggered registration. Licensees can now choose when they want their vehicle registered. If the Department of Revenue were forced to go to monthly assessment figures, everyone would choose to be licensed in October which is the month the books are lowest. Also, the administrative costs of monthly evaluation changes would be fairly substantial. A handout was circulated which presented the Department's position; see Exhibit "C."

Mike Stephen, Montana Association of Counties, then rose in support of HB 305, stating his main reason as being that it would help streamline county government.

There were no opponents to HB 305. Questions were asked.

Rep. Asay brought up the question of assessment not being in line with actual value. Ms. Feaver replied that it didn't change the method of assessment, and Rep. Dozier expressed opposition to amending the bill to address this question. Ms. Feaver added that prior to staggered licensing, people paid licenses for a year, and this bill would enable that posture to be maintained.

Chairman Nordtvedt asked Ms. Feaver if it wouldn't be everyone's advantage to have taxes paid for a full year, thus postponing their renewal date for a full year, if the assessment figures were being frequently changed. If the state is trying to stick as close as possible to taxing through value of vehicles, the tax should establish that there is a difference in value, between October and January. Ms. Feaver agreed that this was true, if that is what the Legislature wanted to do.

Rep. Williams brought up the possibility of the valuation being changed to once a month.

Rep. Nordtvedt expressed the conviction that assessed values would not average out over time to create equity between different purchase dates on identical vehicles; thus, if one vehicle were bought in January and one in November, and both kept for a number of years, the late buyer would own a lower valued object, but he would be paying the same tax, and the disparity would not level out.

Rep. Nordtvedt disagreed with Rep. Zabrocki's assumption that after one year, things would be equalized. The question was left for EXECUTIVE SESSION.

Rep. Dozier then closed. The bill was designed to do a very simple thing; bring the Department of Revenue into compliance with the law. The hearing was then closed.

The Committee then went into EXECUTIVE SESSION. Rep. Asay moved that HOUSE BILL 121 be considered. Chairman Nordtvedt expressed a disinclination to consider the bill until the rest of the bills concerning the same subject could be heard. Rep. Asay expressed his desire that this bill not be confused with the other bills seeking to change the distribution of the Coal Fund. The Chairman submitted that the bill would have effectively changed the amount of funding for the schools by $2.8 million over the past biennium, had this bill been in effect. Chairman Nordtvedt entertained that unless there was a clear Committee agreement with Rep. Asay, that executive action be delayed on HB 121; action was postponed.

The meeting adjourned at 9:50 a.m.

Rep. Ken Nordtvedt, Chairman

da

TAXATION
1/20/81
EXHIBIT "C"

DEPARTMENT OF REVENUE

HOUSE BILL NO. 305

HB 305 is concerned with the standard for determining market value of motor vehicles subject to staggered registration. These vehicles are registered at varying times during the year and according to the present statutes, these vehicles should be valued as of the first day of the registration period. The Department of Revenue has not done so and has valued all motor vehicles as of January 1 of the year of registration. The purpose of the staggered registration procedure was to eliminate lines at the Treasurer's office and not to reduce taxes for individuals registering later in the year. A 1975 Chevrolet should be taxed the same in 1981 no matter when the vehicle is registered. The discrepancy between the statute and the Department's procedure was recognized when taxpayers began appealing to the County Tax Appeal Board for reassessment. There would be substantial administrative costs involved with a valuation based on the first day of the registration period. HB 305 provides that while registration continues under the staggered system, valuation is based on January 1 values.

Section Analysis

Section 1. Amends 15-8-202. Explicit language is added to clarify that value is computed as of January 1.

Section 2. Amends 61-3-503. This section is also amended to make clear that market value is determined as of January 1 for all motor vehicles.

the motion of DO PASS; see roll call vote.

Rep. Nordtvedt then moved that HOUSE BILL 523 DO NOT PASS; Rep. Williams seconded the motion. Motion carried unanimously.

HOUSE BILL 305 was then considered. Rep. Nordtvedt rose in opposition to having one value for the entire year. He moved to amend the bill to change the applicability date to January 1, 1981 but before December 30, 1982.

Rep. Williams stated that regardless of what was passed in the area of vehicle fee bills, there would still be vehicles that would have to be accounted for under this bill.

Rep. Switzer suggested putting July and January assessment dates in the bill. This would make it consistent with the language in the Committee bill on motor vehicle fees.

Mr. John Clark, Department of Revenue, stated that there would be administrative problems if the bill passed, concerning putting more Blue books out; but on a semiannual basis of putting the Books out, there shouldn't be as much of a problem. What happened in 1980 should not have any effect.

Rep. Switzer moved that the Blue Books be replaced on a semiannual basis. Mr. Oppedahl (Legislative Council) agreed to work up the amendment.

Rep. Dozier pointed out that there would be an impact on local governments with the amendment.

The question was called for on the motion to amend the bill to use comprehensive, semiannual values; motion carried with Reps. Dozier and Hart opposed.

Rep. Dozier then moved that HOUSE BILL 305 DO PASS AS AMENDED, and added that the motion was to include changing the applicability date of the bill to January 1, 1981; see Exhibit "H." Motion carried unanimously.

SENATE BILL 41 was then considered. Rep. Harp moved that it DO PASS. Motion carried unanimously.

Rep. Harp agreed to carry SB 41. Rep. Dozier was assigned to carry SB 34; Rep. Harrington was assigned to carry SB's 54 and 55.

The meeting was adjourned at 10:45 a.m.

Rep. Ken Nordtvedt, Chairman

da

EXHIBIT 17

HOUSE BILL 305, introduced (white), be amended as follows:

1. Title, line 5.
Following: "USE"
Insert: "A SEMIANNUAL"
Following: "VALUE"
Strike: "AS OF JANUARY 1 OF THE ASSESSMENT YEAR"

2. Page 1, line 20.
Following: "using"
Insert: "the"
Following: "value"
Strike: "as of January 1 of the year of assessment"
Insert: "of the vehicle as contained in the most recent, comprehensive, semiannual volume of the Mountain States Edition of the National Automobile Dealers Association Official Used Car Guide"

3. Page 2, line 21.
Following: "(1)"
Strike: "A"
Insert: "Except as provided in subsection (3), a"

4. Page 3, line 17.
Following: "using"
Insert: "the"
Following: "value"
Strike: "as of January 1 of the year of assessment"
Insert: "of the vehicle as contained in the most recent, comprehensive, semiannual volume of the Mountain States Edition of the National Automobile Dealers Association Official Used Car Guide"

5. Page 3, line 23.
Following: "1,"
Strike: "1982"
Insert: "1981"

AND AS AMENDED DO PASS

STANDING COMMITTEE REPORT

March 11, 1981

MR. SPILNER

We, your committee on TAXATION

having had under consideration HOUSE Bill No. 305

A BILL FOR AN ACT ENTITLED: "AN ACT TO USE MARKET VALUE AS OF JANUARY 1 OF THE ASSESSMENT YEAR IN ASSESSING MOTOR VEHICLES SUBJECT TO STAGGERED REGISTRATION; AMENDING SECTIONS 15-8-202 AND 61-3-503, MCA; AND PROVIDING AN APPLICABILITY DATE."

Respectfully report as follows: That HOUSE Bill No. 305,

introduced (white), be amended as follows:

1. Title, line 5.
Following: "USE"
Insert: "A SEMIANNUAL"
Following: "VALUE"
Strike: "AS OF JANUARY 1 OF THE ASSESSMENT YEAR"

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Insert: "the"
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Strike: "as of January 1 of the year of assessment"
Insert: "of the vehicle as contained in the most recent, comprehensive, semiannual volume of the Mountain States Edition of the National Automobile Dealers Association Official Used Car Guide"

(Page 1 of 2 pages)

~~DO PASS~~

REP. KEN ROOSEVELT, Chairman.

STATE PUB. CO.
Helena, Mont.

CONSIDERATION OF HOUSE BILL 305:

"AN ACT TO USE MARKET VALUE AS OF JANUARY 1 OF THE ASSESSMENT YEAR IN ASSESSING MOTOR VEHICLES SUBJECT TO STAGGERED REGISTRATION; AMENDING SECTIONS 15-8-202 AND 61-3-503, MCA; AND PROVIDING AN APPLICABILITY DATE."

REPRESENTATIVE DOZIER: If you read the title, you get the bill. This places market value on automobile assessments as of January 1 of the assessment year. When we went to staggered registrations, the basic intent was to have staggered registration, not to revalue their cars every month.

PROPONENTS: ELLEN FEAVER: This bill did get us out of court because suits are being filed by the way we are assessing automobiles. There are no books published for a monthly system. Personal property tax placed on automobiles should be valued the same date for everyone anyway. This is the way the DOR has been looking at the statute, that all automobiles should be valued by January 1 each year.

SEVERSON: Before I introduced legislation on vehicles I asked my county assessor where she got her greatest complaint---that you are being taxed on retail or that you are being assessed January 1. Her answer was both are equal. When I introduced legislation I chose not to grapple with the fact that we are being taxed on the wrong value.

McCALLUM: We had a bill that set assessment quarterly.

GOODOVER: That was one of the fee bills.

SEVERSON: Cars have books monthly, quarterly, and semiannually.

McCALLUM: What do you use now? 1st of January?

FEAVER: Yes.

GOODOVER: If we go to a fee system, possibly this could be used just this year.

Hearing closed on 305.

CONSIDERATION OF SB 44:

"AN ACT TO RAISE THE INDIVIDUAL INCOME TAX EXEMPTION FROM $800 TO $1,000; AMENDING SECTION 15-30-112, MCA."

Senator Elliott, District 8. SB 44 proposes to raise individual personal income tax on your return. As a tax practicioner, I see the law reading $1,000 plus $50 for every million in the state's surplus. I think the $1000 level is the same as IRS uses. I see setting the amount in the law as opposed to a sliding scale. For tax planning it is important to know the level of the tax deduction.

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

March 24, 1981

The 55th meeting of the committee was called to order at 7:30 a.m. in Room 415 of the State Capitol Building, Chairman Pat Goodover presiding.

ROLL CALL: All members present except S. Brown.

DISPOSITION OF HOUSE BILL 561:

Senator Towe made a motion HB 561 BE CONCURRED IN. Senator Norman made a substitute motion it be sent to Finance and Claims.

Roll call vote was taken on the motion by Senator Towe. The vote was 4-8. The secretary was asked to reverse the vote and show that HB 561 received an adverse report.

DISPOSITION OF HOUSE BILL 305:

Senator Severson said he could see no reason not to pass this because this is what they are currently doing. He made a motion that HB 305 BE CONCURRED IN. The motion passed with Senators McCallum and Crippen dissenting. Senator Severson will carry the bill on the floor.

DISPOSITION OF HOUSE BILL 640:

A motion was made that HB 640 BE NOT CONCURRED IN. A substitute motion was made to lay HB 640 on the table. The substitute motion carried by an 8-5 vote. HB 640 is tabled.

DISPOSITION OF HOUSE BILL 176:

Senator B. Brown moved HB 176 BE NOT CONCURRED IN.

TOWE: Senator Towe went through some proposed amendment language and made a substitute motion to amend.

NORMAN: If you have an antique slot machine in this state and you make it inoperative, its value is probably reduced to next to nothing. Mr. Yardley wanted some language passed that would protect those people so they wouldn't go to jail for having one. This amendment goes opposite. The people Yardley is trying to protect are going to be punished.

MANLEY: The machines I have are fixed now to be inoperative; you can pull the crank and the machines go without handling money.

Senator Ochsner made a motion to pass for consideration until Senator Towe can work up some more language. The motion carried by a 7-6 roll call vote.

STANDING COMMITTEE REPORT

March 24 81
19

MR. PRESIDENT:

We, your committee on TAXATION

having had under consideration House Bill No. 305

Dozier (Severson)

Respectfully report as follows: That House Bill No. 305

BE CONCURRED IN

XXXXX
DO PASS

PAT M. GOODOVER, Chairman.

STATE PUB. CO.
Helena, Mont.